



# Memorandum

**TO:** PUBLIC SAFETY, FINANCE &  
STRATEGIC SUPPORT COMMITTEE

**FROM:** Russell Crosby

**SUBJECT:** First Fiscal Quarter Performance Report

**DATE:** December 1, 2010

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Approved *Deanna Subra* Date *12/3/10*

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## RECOMMENDATION

Acceptance of the first fiscal quarter (quarter ended 9/30/2010) Performance Report from the Department of Retirement Services.

## BACKGROUND

In a memorandum to the City Council dated February 4, 2010, from Mayor Reed, and Councilmembers Constant, Kalra, Liccardo, and Herrera, it was requested that a quarterly report on the investment performance of the Police & Fire Department Retirement Plan ("P&F") and the Federated City Employees' Retirement System ("Federated") to be provided to the Public Safety, Finance and Strategy Support Committee.

The following discussion satisfies the City Council referral ID number 1322 to provide a quarterly report regarding the investment performance of the two retirement plans.

## ANALYSIS

*Performance for the quarter ended 9/30/2010*

	3Q2010	1-year	3-year	5-year	10-year	Acturial Assumption**
<b>Police &amp; Fire</b> (Gross of Fees)	7.9%	10.2%	-2.4%	4.0%	5.4%	-
<b>Police &amp; Fire</b> (Net of Fees)*	7.3%	9.6%	-3.0%	3.4%	4.8%	8.00%
<b>Federated</b> (Gross of Fees)	7.9%	11.7%	-0.5%	4.4%	5.5%	-
<b>Federated</b> (Net of Fees)*	7.3%	11.1%	-1.1%	3.8%	4.9%	7.95%
S&P 500	11.3%	10.2%	-7.2%	0.6%	-0.4%	-
Barclays Aggregate	2.5%	8.2%	7.4%	6.2%	6.4%	-
MSCI ACWI ex-U.S. (Net)	16.6%	7.6%	-7.4%	4.3%	4.3%	-

\*Net of Investment and Administrative Expenses

\*\*Acturial Investment Return Assumption

For the first quarter of fiscal year 2010-11 (quarter ended 9/30/2010), the P&F portfolio returned 7.9% and 10.2% at one year; however the portfolio underperformed its actuarially assumed net rate of return of 8.0% over longer time periods. The Federated portfolio also returned 7.9% for the quarter and 11.7% at one year. The Federated portfolio also underperformed its actuarially assumed net rate of return of 7.95% over longer time periods.

### **CONCLUSION**

Staff recommends acceptance of the performance report.

/s/

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Director, Retirement Services

For questions, please contact Ron Kumar at Retirement Services at (408) 794-1045.

